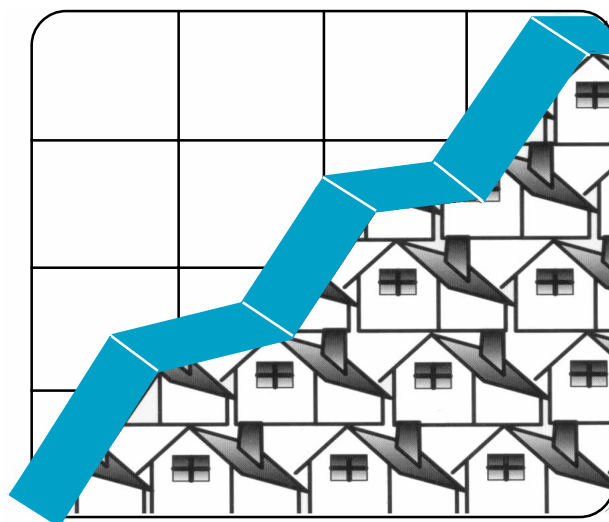


1997 FALL

Alaska Housing Market Indicators



1997
F A L L

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Alaska Housing Market Indicators

Fall 1997

July-December 1997

Prepared by

Alaska Housing Finance Corporation

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5. A Housing Policy for the 21st Century
By Mitzi Barker 2nd Quarter 1994
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By Jeff Judd Spring 1997
13. The Alaska Housing Finance Corporation: Benefitting Alaska Through Sound
Financial Investment
By James Wiedle Fall 1997

Editor's Note

What do you like about the Alaska Housing Market Indicators and what changes would you like to see in the future? These and other questions can be found on the survey form inside the cover of this publication. Please answer the survey questions and mail back the survey. The survey will take no more than five minutes of your time and will help us immensely. No postage is required.

Remember, we like hearing from you. Do you like our publication? Do you have comments or ideas? Please, let us know. Alaska Housing Market Indicators is designed to provide you, the reader, with up-to-date information about the changing face of the Alaska housing market.

In our continued effort to promote affordable housing, the feature article in the Fall 1997 Indicators explores the financial side of the Alaska Housing Finance Corporation. The article describes how the corporation uses bond-debt issuances to create affordable housing programs and economic opportunity within the state. Readers should come away from this article with an increased understanding about the bond market and AHFC's significant contributions to the Alaskan economy.

Don't forget that the Alaska Housing Market Indicators is online. If you wish to obtain Indicators data prior to publication, check out our Web page at www.ahfc.state.ak.us. For details about when data will be available, see the Data Release Schedule on the facing page.

Editor, Alaska Housing Market Indicators

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Data Release Schedule



For updated data release dates, check our Internet web site: www.ahfc.state.ak.us/planning.htm. For any questions, call, write, or e-mail the editor (see previous page for addresses and phone numbers).

AHFC Quarterly Residential Portfolio/New Alaska Housing Units

• 1998 First Quarter	60 days after quarter ends	Friday, May 30, 1998
• 1998 Second Quarter	45 days after quarter ends	Friday, August 15, 1998
• 1998 Third Quarter	45 days after quarter ends	Friday, November 14, 1998
• 1998 Fourth Quarter	45 days after quarter ends	Tuesday, February 17, 1999

Multiple Listing Service Data

• 1998 First Quarter	60 days after quarter ends	Friday, May 30, 1998
• 1998 Second Quarter	60 days after quarter ends	Friday, August 29, 1998
• 1998 Third Quarter	60 days after quarter ends	Friday, November 28, 1998
• 1998 Fourth Quarter	60 days after quarter ends	Monday, March 2, 1999

Quarterly Survey of Alaska Lenders

• 1998 First Quarter	81 days after quarter ends	Friday, June 20, 1998
• 1998 Second Quarter	81 days after quarter ends	Friday, September 19, 1998
• 1998 Third Quarter	81 days after quarter ends	Friday December 19, 1998
• 1998 Fourth Quarter	90 days after quarter ends	Tuesday, March 31, 1999

Annual Rental Market Survey

• 1998 Second Quarter	Beginning of 3rd Qtr 1998	Tuesday, July 1, 1998
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Annual Construction Cost Survey

• 1999 First Quarter	Beginning of 2nd Qtr 1999	Wednesday, April 1, 1999
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Acknowledgment

We wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Fannie Mae operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to “lenders” or to “other lenders,” some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

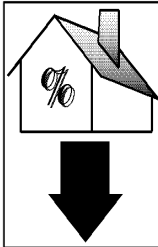
Alaska Federal Savings and Loan
Alaska Housing Finance Corporation
City Mortgage
Denali State Bank
Fannie Mae
First Bank of Ketchikan
First National Bank of Anchorage
Key Bank of Alaska
Mt. McKinley Mutual Savings Bank
National Bank of Alaska
Northrim Bank
Rural Development (formerly USDA Farmers Home Administration)
Seattle Mortgage

Executive Summary

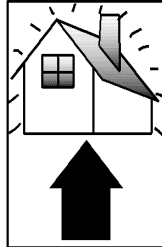
Housing Market Indicators

July-December 1997

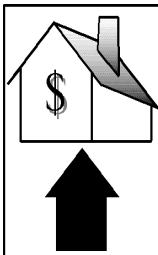
Compared with July-December 1996



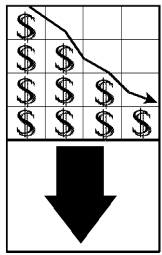
Mortgage Loan
Rates



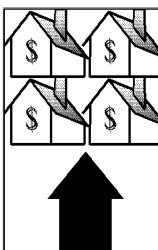
New Housing
Units
Authorized



Home Prices



Wage and
Salary
Income



Dollar Volume
of Loans



Affordability
Index

The housing market in 1997 responded positively to decreases in interest rates. Total number of loans and dollar volume increased significantly from last year. If interest rates remain attractive in 1998, Alaska will likely continue to have a healthy housing market.

Statewide, the average annual interest rate for all residences, weighted by dollar loan volume, dropped from 7.85% in 1996 to 7.55%. Rates peaked in the spring and then fell the rest of the year. AHFC programs offered the lowest overall rates to homebuyers during the second half of 1997, at 6.59%. Lower mortgage rates also fueled a refinance boom during 1997. Refinancings currently account for approximately 45% of all mortgage loans.

The average sales price for a single-family home in Alaska continues to climb. In 1996 the average price for a single family home was \$154,262, but in 1997 this price was \$157,897. For condominiums, prices rose 7.9% from \$83,843 in 1996 to \$90,486 in 1997. Both new and resold homes stayed ahead of inflation during 1997 as the U. S. Consumer Price Index (CPI) increased 2.3%.

Average monthly wage income declined in 1997. Wages dropped less than 1% from 1996 to \$2,700. More than one-half of the state areas reported drops in average wage income. The decline in wage income can be attributed to numerous factors including a loss of higher-paying jobs in Anchorage, a downturn in the timber industry in South-east Alaska, and a poor fishing season in Bristol Bay.

After adjusting for inflation, wages show a pronounced decline. Since 1988, average monthly wage income has grown by 17%. However, after adjusting for inflation wages have actually declined by 10%. As a basis of comparison, the average sales price of a single-family home, from 1992 to 1997, has increased 15%.

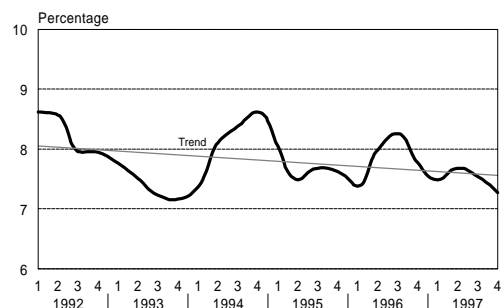
Both wages and sales prices worked against homebuyers the past year, resulting in an increase in the statewide affordability index for single-family homes. The affordability index rose from 1.45 in 1996 to a preliminary 1.46 during 1997, which meant that homes became slightly less affordable with an average of 1.46 earners required to purchase a home.

In 1997, loan activity was significantly stronger than in 1996. Total loan volume grew from \$529.8 million to \$741.6 million. Number of loans increased from 4,200 to 5,723. Single-family loan volume and loans climbed 38.7% and 34.6%, while condominium loan volume and loans jumped 81.2% and 67.4%.

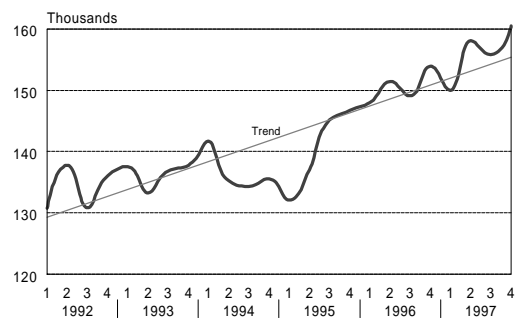
Multiple Listing Service (MLS) activity during 1997 was ahead of 1996 for all surveyed components. Overall sales were up 10.6% compared to 1996, and sales volume grew by 16.5%. The average price of an MLS-listed residence increased 5.3% from \$132,710 to \$139,789, or \$7,078.

Total statewide permit issuances for 1997 were unable to match the housing starts for 1996, which had been the highest of the past 11 years. Total statewide permits fell from 3,516 in 1996 to 3,307. Nationally, housing permits mirrored the Alaskan results, with overall issuances down about two percent from 1996.

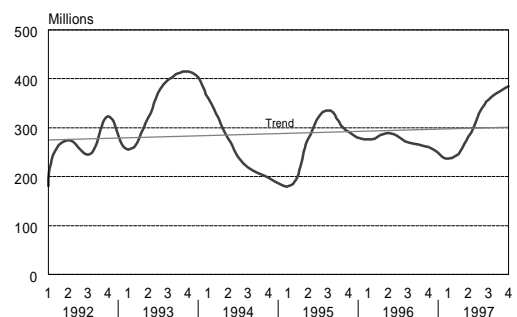
Interest Rate



Average Sales Price

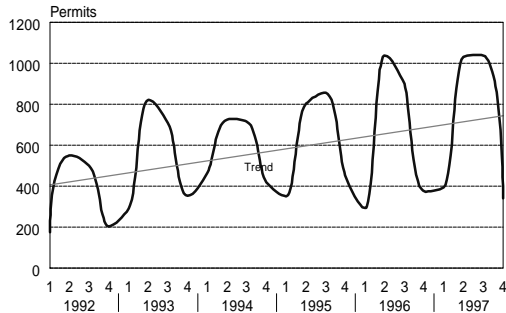


Dollar Volume of Loans

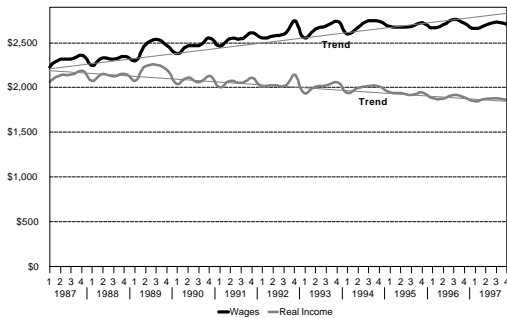


Source: Alaska Department of Labor, Research and Analysis Section.

New Housing Units

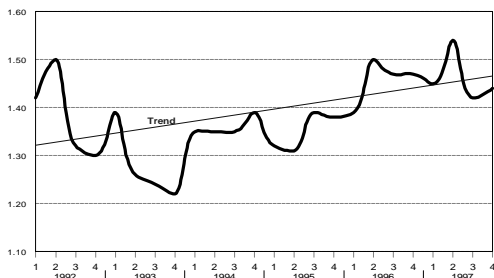


Wages



Note: "Real Wages" are wages that are adjusted for the Consumer Price Index - A Measure of Inflation

Affordability Index



Note: The **Affordability Index** is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers.**

Source: Alaska Department of Labor, Research and Analysis Section.

The Annual Construction Survey reports on the cost of 18 items or a 'market basket' necessary to build a model single-family home in selected urban and rural areas of the state. The 1998 survey found that urban areas have lower building material costs, due to a higher demand for housing and greater competition among suppliers. Transportation costs were directly related to the distance from Seattle and Portland. Juneau remained the lowest cost provider for the "total" market basket of construction materials, including rebar and concrete. Sitka was the lowest, excluding both rebar and concrete. Barrow was the most expensive region due primarily to shipping and handling, which comprised almost one-half of its total market basket costs.

Economists are forecasting an upbeat year for 1998. Residential construction is at its highest level since 1986. Unemployment and inflation continue to remain low, and the economy is expected to benefit from gains in the transportation, oil, and service sectors. Concerns exist, however, that the financial crisis in Asia, declines in oil-prices, and decreases in wage income may soften a surging market.

Homeownership continues to become a reality for more Americans. In 1997, according to the U.S. Department of Housing and Urban Development, a record 67.1 million families now own homes. By increasing affordability, the Alaska Housing Finance Corporation has played a major role in helping Alaskan families purchase homes.

The Alaska Housing Finance Corporation: Benefiting Alaskans Through Sound Financial Investment

by James Wiedle

When “AHFC” is brought up in a discussion, the common response is “AHFC? They financed my house!” Alaskans have heard of Alaska Housing Finance Corporation’s loan programs, and many credit the corporation for assisting them in purchasing a home. Fewer Alaskans are aware, however, that AHFC’s impact extends beyond housing. AHFC has infused millions of dollars into the state, through successful financial investment.

The financial strength of Alaska Housing Finance Corporation stems from a long-term, successful strategy of debt financing through bond issuance. Bonds are “loans” made to borrowers by investors. An investor who purchases a bond from a borrower is essentially loaning capital in exchange for a “promise” by the corporation to pay that investor back with interest. Borrowers usually issue their bonds at a “face value” of \$1000 with a specified rate of interest that must be paid when the bond becomes mature or is redeemed.

Bonds, unlike traditional loans, can be purchased and sold by investors long before they reach maturity. This flexible feature provides the investor and the bond issuer a profit opportunity.

Bond sales are strongly influenced by market interest rates. When market interest rates fall below the bond rate, the bond now pays a higher interest rate than the current market and the value of the bond increases. Conversely, when market interest rates increase above the bond rate, the value of the bond decreases. Investors can make money by acquiring bonds when the interest rate on the bond is at or below the market rate, then selling the bonds when the market interest rate drops below the rate on the bond.

“Our bond rating is a reflection of our positive reputation among investors. People take note of our financial strength and want to invest in us.”

A bond issuer, like AHFC, profits by buying back their bonds from investors when the bond value is lower than face value. If AHFC issued a bond for \$1,000 at an interest rate of 6.0% and the market rate rose to 8.0%, then the value of the AHFC bond might drop to \$900. AHFC can reduce its cost on the bond by at least \$100 plus eliminate paying the 6% interest if it purchases the bond at current market value and cancels that debt.

An additional factor that significantly impacts the value of a bond is the creditworthiness of the issuer of the debt. Creditworthiness refers to the ability of the bond issuer to pay back the bond. Rating agencies help investors determine the credit worthiness of a bond issue. Three of the best known rating agencies are *Moody's*, *Standard and Poor's*, and *Fitch's*. If a bond receives a rating of AAA, AA, A, and BBB from these agencies the bond is considered “Investment Grade Quality.” Lower ratings such as BB, and B are considered speculative investments. Investors typically avoid bonds with ratings lower than A. Certain corporations prohibit the purchasing of bonds with ratings less than investment grade.

The Alaska Housing Finance Corporation's bonds are considered investment-grade quality by all three major rating agencies, typically achieving AAA designations. With this rating, the Alaska Housing Finance Corporation is able to effectively lower the costs of funds obtained through the bond market and broaden the base of financial investors willing to purchase the corporation's bonds. According to Dan Fauske, CEO of Alaska Housing Finance Corporation, “Our bond rating is a reflection of our positive reputation among investors. People take notice of our financial strength and want to invest in us.”

In 1997, AHFC contributed over \$133 million toward state revenue and capital projects.

The majority of AHFC's bonds are sold to major institutional investors, most of whom are located "outside" in major financial centers such as New York, Boston, Chicago, and San Francisco. However, a significant demand exists among retail investors and smaller institutions within Alaska. When AHFC issues bonds it requests that investment banking firms prioritize sale of the corporation's bonds to Alaska residents. These wholesale brokers are also encouraged to include, in the group of firms eligible to sell AHFC bonds, all who have active sales offices located in Alaska. Underwriters of AHFC's bonds are also required to make the bonds available to Alaskan investors several days before major institutional investors are given an opportunity to purchase the bonds. Through these methods, the Corporation assures that all Alaskans desiring to invest in the Corporation's bonds have an opportunity to do so.

Since 1973, The Alaska Housing Finance Corporation has issued over \$11.4 billion in long-term debt, through bonds, to meet the residential housing needs of Alaskans and presently has \$2.3 billion of that debt outstanding. The financial success of AHFC has also resulted in the corporation being able to assist the state in meeting the housing and related infrastructure needs of Alaska. In 1997, AHFC directly contributed over \$133 million toward state revenue and capital projects, including:

- \$33 million in financing for the construction of University of Alaska housing and dining facilities.
- \$15 million in funding to the Department of Environmental Conservation for water and sewer projects throughout Alaska.

For the State Fiscal Year-1999, AHFC will continue to play a major role. AHFC has contributed \$88 million toward State projects, including Pioneer's Home modifications; Department of Environmental Conservation Water, Sewer and Waste improvements; and UAA Student Housing Debt Service.

The Alaska Housing Finance Corporation, through sound investment strategy and financial management, is providing economic benefit to all Alaskans. The impact of the corporation is broad, providing not only housing but economic benefit to the State of Alaska. Alaskans can take pride in the Alaska Housing Finance Corporation, a renewable resource for all of Alaska.

Section 1

Results of the Quarterly Survey of Alaska Lenders

Loan Activity Increases In The Second Half of 1997

Table 1-1 to 1-2

The affordability index rose in the second half of 1997. Home buyers had a more difficult time qualifying for a home mortgage, primarily due to rising home prices and declining wage income. These factors, however, did not discourage homebuyers. Declining interest rates and greater homeownership financing options stimulated home purchase and refinance activity in the second half of 1997.

Total Loan Volume Increased

The housing market exhibited steady growth in 1997. Total statewide loan volume grew from \$1.1 billion in 1996 to \$1.26 billion in 1997.

- Single-family loan volume rose 15%, accounting for 19 out of every 20 loans in the state during the past year.
- Condominium loan volume grew 33% in 1997.

Most areas of the state reported strong overall loan volume growth during the second half of 1997 compared to 1996. Juneau and Fairbanks reported lower loan volume during the second half of 1997, compared to 1996. Declines in these communities have been attributed to a slowing of economic development and a corresponding decrease in demand for housing units.

Total number of loans issued rose 12% to 9,808 in 1997. This increase marks a reversal from the previous three years when loans fell from 9,126 in 1994 to 8,778 in 1996.

- Compared to 1996, the number of single-family loans increased by 11%.
- Condominium loan volume also increased by 23% when compared with 1996.

Single-Family Loan Activity Summary

Including AHFC, Selected Areas

4th Quarter 1997

Table 1-1

Location	YTD	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value	Note: Based on survey of 14 private and public mortgage lenders. Source: Alaska Department of Labor, Research and Analysis Section.
Anchorage	5,095	1,536	\$140,577	\$215,926,659	58.3%	\$168,326	\$258,548,498	58.1%	
Mat-Su	953	292	\$109,987	\$32,116,145	8.7%	\$135,190	\$39,475,608	8.9%	
Fairbanks	1,134	330	\$122,521	\$40,431,937	10.9%	\$144,145	\$47,567,934	10.7%	
Kenai	637	196	\$102,533	\$20,096,558	5.4%	\$123,716	\$24,248,385	5.4%	
Juneau	471	123	\$163,449	\$20,104,251	5.4%	\$205,684	\$25,299,084	5.7%	
Ketchikan	192	65	\$133,833	\$8,699,161	2.3%	\$173,080	\$11,250,194	2.5%	
Kodiak	171	46	\$144,587	\$6,650,997	1.8%	\$155,726	\$7,163,378	1.6%	
Rest of State	585	188	\$140,280	\$26,372,559	7.1%	\$169,246	\$31,818,301	7.1%	
Statewide Total	9,238	2,776	\$133,429	\$370,398,267	100.00%	\$160,436	\$445,371,382	100.0%	



Condominium Loan Activity Summary

Including AHFC, Selected Areas

Table 1-2

4th Qtr 1997

Note: Based on survey of 14 private and public mortgage lenders.

Source: Alaska Department of Labor, Research and Analysis Section.

Location	YTD	Number of Loans	Average Loan	Total Loans	% Loan Volume	Average Sales Price	Total Sales Price	% Total Market Value
Anchorage	475	148	\$77,230	\$11,430,099	83.6%	\$84,841	\$12,556,466	83.4%
Mat-Su	11	7	\$89,949	\$629,640	4.6%	\$98,943	\$692,604	4.6%
Fairbanks	18	8	\$60,877	\$487,015	3.6%	\$70,148	\$561,185	3.7%
Kenai	2	0	\$0	\$0	0.0%	\$0	\$0	0.0%
Juneau	45	7	\$110,318	\$772,225	5.6%	\$117,190	\$820,333	5.4%
Ketchikan	9	2	\$57,994	\$115,988	0.8%	\$90,250	\$180,500	1.2%
Kodiak	4	1	\$88,740	\$88,740	0.6%	\$92,000	\$92,000	0.6%
Rest of State	6	1	\$149,924	\$149,924	1.1%	\$152,000	\$152,000	1.0%
Statewide Total	570	174	\$78,584	\$13,673,631	100%	\$86,523	\$15,055,088	100.0%

Average Sales Prices Continue To Rise

Figure 1-1

Regional comparisons between the second halves of 1996 and 1997 showed that, overall sales prices were higher in 1997 for most areas. All areas reported increases in single-family homes except Ketchikan. Ketchikan, which continues to recover from the closure of the local pulp mill, reported a 4.5% decline in sales prices from \$178,297 to \$170,357.

- The overall statewide average sales price for single-family homes increased from \$154,262 in 1996 to \$157,897 in 1997.
- Condominium prices rose from \$83,843 in 1996 to \$90,486 in 1997.
- Juneau had the highest average sales price for a single-family home at \$195,512.
- Kenai had the lowest sales price for a single-family home at \$126,639 during 1997's second half.
- Fairbanks posted the largest increase in average sales price. Single-family home prices rose 9% to \$140,760.
- The average sales price for a single-family home sold in Anchorage was \$166,260, which represented a marginal increase of less than 1% from the prior year.

- Anchorage continues to account for eight out of ten statewide condominium sales. Prices in Anchorage rose from \$82,085 to \$84,950 during 1997's last half.
- Juneau had the second highest number of condominium sales during the comparison period, with prices increasing 16% from \$104,376 to \$121,161.

According to the National Association of Home Builders, the U.S. national average (\$175,700) sales prices of new homes in 1997 was up 6%. The median resale price of existing homes rose 5% to \$124,100 in 1997. Both new and resold homes stayed ahead of inflation during 1997 as the U. S. Consumer Price Index (CPI) increased only 2%.

Loan-to-Value Ratios and Third-Party Guarantees Increase

Figure 1-2

The "Loan-to-Value Ratio" (LTV) measures the risk a lender is willing to accept by comparing the mortgage loan to the sales price. With a lower LTV, the borrower has more exposure by providing a larger down payment. As the LTV increases, the lender is able to offset the risk of the loan, usually through finance mortgage insurance.

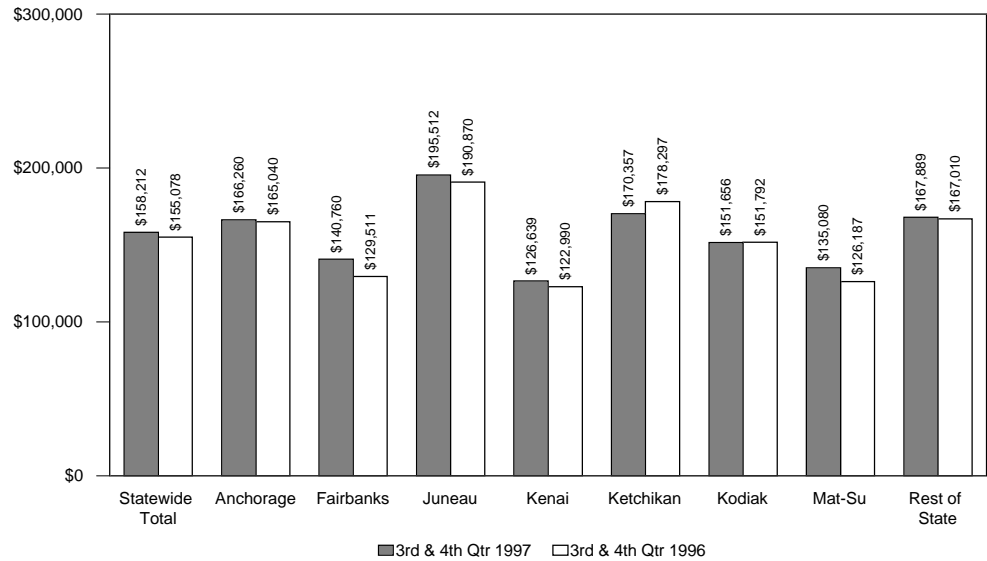
- In 1997, the overall loan-to-value (LTV) ratio rose from 82.8% in 1996 to 83.4%. More loans with third party guarantees were made in 1997 than in 1996.
- Of the total dollar value of loans made in Alaska during the last six months of 1997, 48.2% were insured or guaranteed by the Federal Housing Administration (FHA), Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), or private mortgage insurance (PMI).

Average Sales Price Single-Family Homes

Figure 1-1

3rd and 4th Qtr 1997 vs. 3rd and 4th Qtr 1996

Source: Alaska Department of Labor,
Research and Analysis Section.

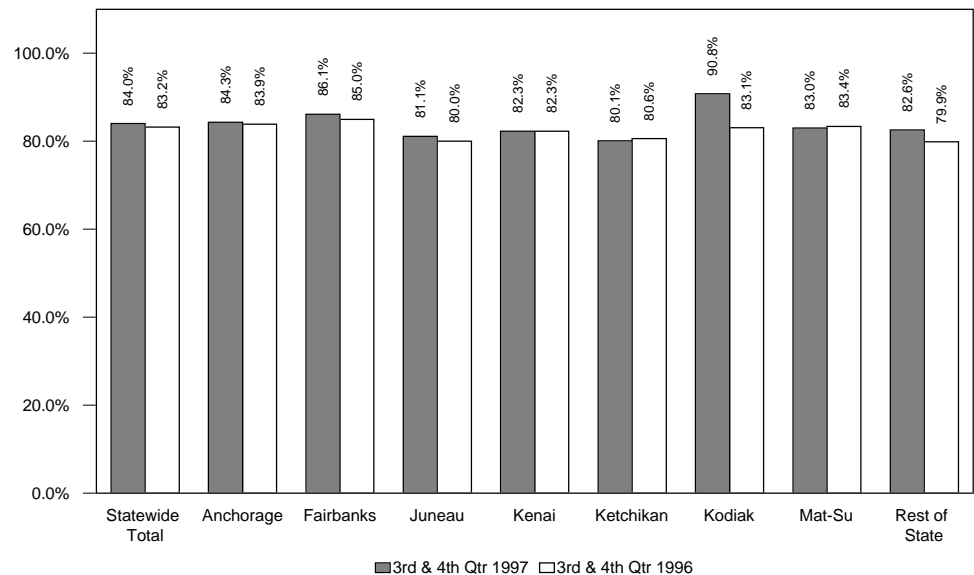


Average Loan-to-Value Ratios Single-Family Homes

Figure 1-2

3rd and 4th Qtr 1997 vs. 3rd and 4th Qtr 1996

Source: Alaska Department of Labor,
Research and Analysis Section.



Interest Rates Fall

Statewide, the average annual interest rate for all residences, weighted by dollar loan volume, dropped from 7.85% in 1996 to 7.55%.

- Single-family-home interest rates fell from 7.85% to 7.57% in 1997.
- Condominium mortgage rates declined from 7.81% to 7.28%.
- At year-end, statewide rates were 7.14% for single-family homes compared to a 7.41% national rate.
- AHFC reported the lowest overall rates during both the second half of 1996 (6.99%) and 1997 (6.59%).

Lower mortgage rates have fueled a refinance boom during 1997. Refinancing currently accounts for approximately 45% of all mortgage loans, according to the Mortgage Bankers Association. By switching to loans at lower rates, homeowners have been able to reduce their housing costs. The economy in turn received a boost, since most consumers spent most of the amount they saved with the lower payments.

Wage Income Increases

Figure 1-3

Statewide average income declined slightly from \$2,718 to \$2,700. More than one-half of Alaska areas reported a drop in average wage income, including Anchorage.

- Anchorage dropped from \$2,862 to \$2,856. The statewide figure is highly influenced by Anchorage, since it accounts for almost half (47.2%) of the total wages in the state.
- North Slope Borough remained on top in 1997 with average wages of \$4,702 per month, followed by the Northwest Arctic (\$3,089), Valdez-Cordova (2,944), and Anchorage (\$2,856).
- Yakutat reported the greatest annual change in wages at 6% between 1996 and 1997, followed by Southeast Fairbanks (5%) and Prince of Wales/Outer Ketchikan (4%).

- The lowest wages were found in Wade Hampton (\$1,505), Lake & Peninsula (\$1,572), and Bethel (\$2,027). These low wages are predominately a reflection of a poor salmon season in Southwest Alaska.

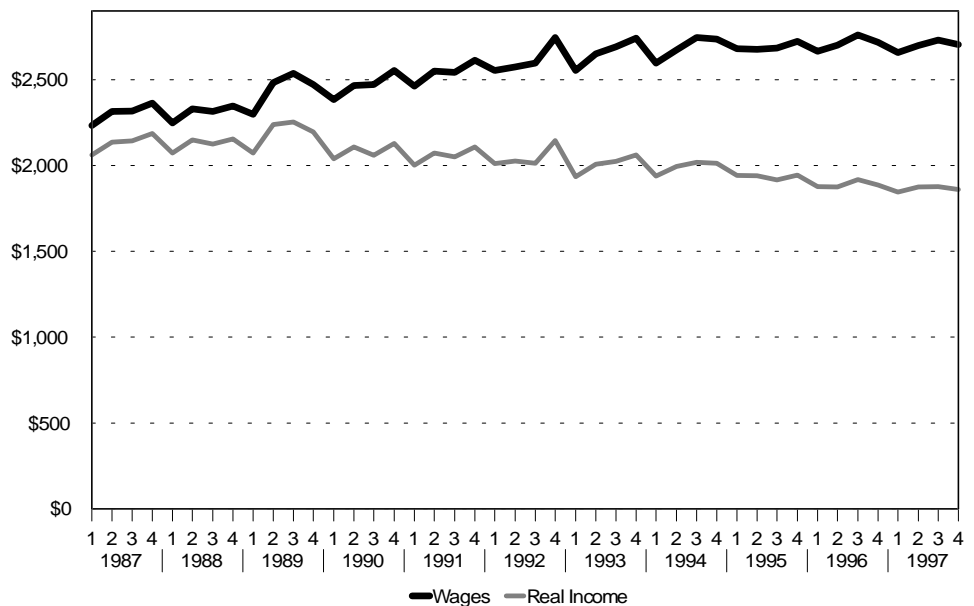
Average Monthly Wage Statewide

Figure 1-3

1st Qtr 1987 - 4th Qtr 1997

Note: Data for the 4th Quarter 1997 is preliminary. "Real Income" refers to the Average Monthly Wage after adjusting for inflation.

Source: Alaska Department of Labor, Research and Analysis Section.



Alaska Affordability Decreases

Figure 1-4

The statewide affordability index for single-family homes rose incrementally from 1.45 in 1996 to a preliminary 1.46 during 1997. Homes became slightly less affordable with an average of 1.46 earners required to purchase a home. Both wages and sales prices worked against homebuyers the past year.

- Average home prices rose from \$154,262 to \$157,897.
- The only favorable affordability component was interest rates which shrank from 7.85% in 1996 to 7.57% for single-family homes in 1997.

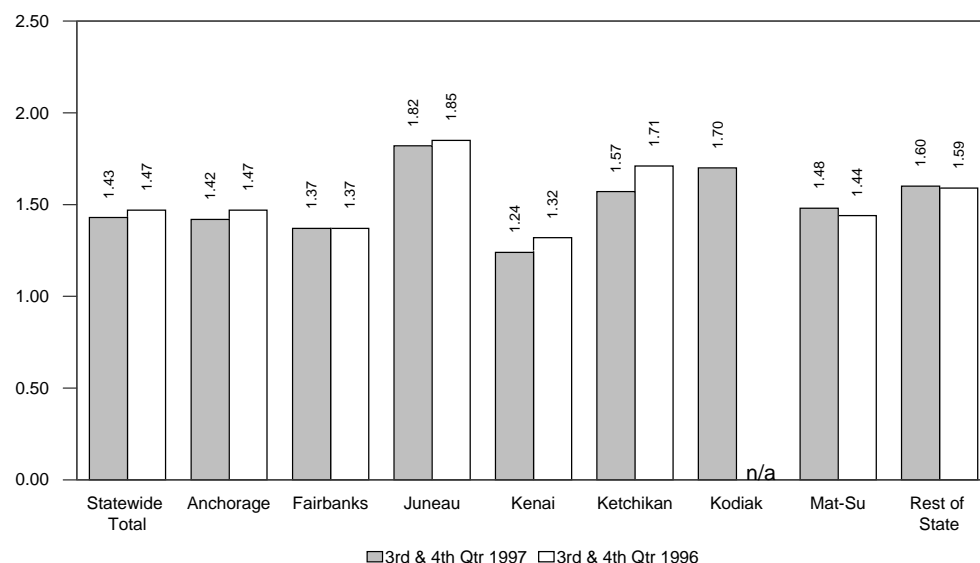
- Homes in Ketchikan became much more affordable in the second half of 1997, most likely related to the pulp mill closure. The Gateway Borough's index fell from 1.71 to 1.57 due to lower interest rates as well as being the only area reporting lower sales prices than the prior year.
- Juneau remained the most expensive area at 1.82, while Kenai remained the most affordable at 1.24, followed by Fairbanks at 1.37.
- Anchorage's affordability was slightly changed from the prior year period from 1.47 in 1996 to 1.42 in 1997.

Alaska Affordability Index*

Single-Family Homes, Private and Public Agency Lenders

3rd and 4th Qtr 1997 vs. 3rd and 4th Qtr 1996

Figure 1-4



* Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves and increases when affordability declines. Therefore, a **smaller affordability index or a decrease is always more favorable to buyers**. Data for the 4th Quarter 1997 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.

National Affordability Declines

Nationally, housing affordability became more difficult as home buyers paid for increased housing costs in 1997. The affordability index for 1997 was 128.4, which was slightly down from 1996's index of 128.6. The national index represents the ratio of median family income to required income for a loan: the higher the index, the more affordable.

- National median family income rose 4% from \$41,575 to \$43,367.
- National interest rates fell from 7.71% to 7.68%.
- National median price of an existing home sold in 1997 was \$123,617 which represented a 5% increase over the 1996 price of \$118,000.

Nationally, the 1997 homeownership rate was 66%, the highest annual rate in U.S. history, according to HUD. The new figures mean that 67.1 million families now own homes. Increases in homeownership gained in all regions of the country.

Quarterly Survey of Alaska Lenders Historical Data Tables Available On The Internet

Readers can obtain up-to-date historical data tables from the *Quarterly Survey of Alaska Lenders* on the Alaska Housing Finance Corporation's World Wide Web site under the "Download" section. The address for the server is www.ahfc.state.ak.us.

The historical data tables cover loan activity for single-family homes and condominiums from seven Alaska communities. A category for the entire state is also included.

Section 2

AHFC Residential Loan Portfolio

AHFC's Loan Portfolio Activity Doubles in 1997

Figures 2-1 and 2-2

In 1997, the Alaska Housing Finance Corporation offered low to moderate income buyers the most competitive interest rates in Alaska. Through competitive interest rates and aggressive marketing, AHFC doubled its loan volume from \$122.4 million in 1996 to \$271.7 million in 1997. Total loans also increased from 1,099 to 2,324.

- Overall average interest rate, weighted by dollar loan volume, were 6.68% for AHFC loans.
- AHFC's share of statewide loan volume more than doubled from a 13% share in 1996 to 28% in 1997.
- Non-AHFC loan volume only rose 2% from \$972.1 million in 1996 to \$987.4 million in 1997.

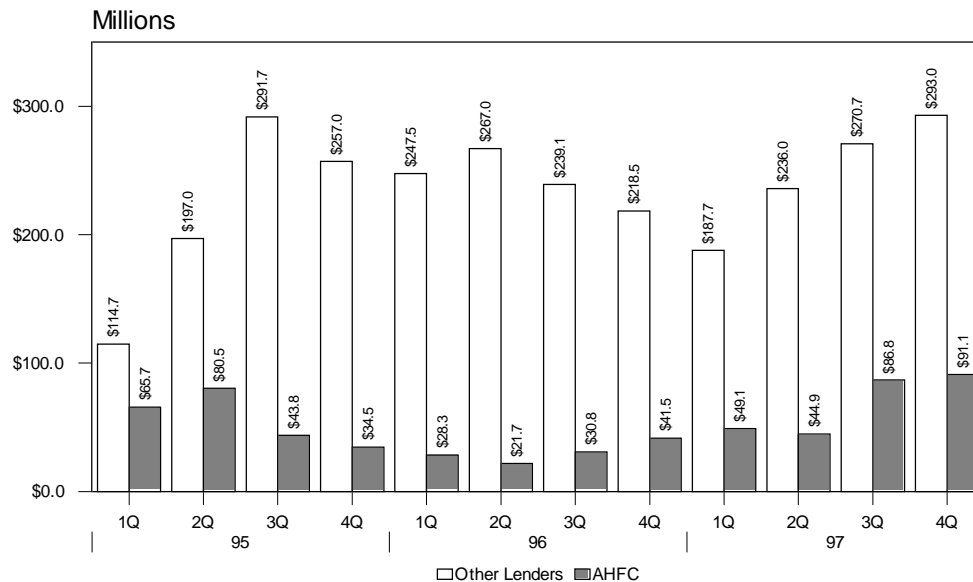
- AHFC's single-family-homes loan volume increased 123% from \$112.1 million in 1996 to \$250.2 million in 1997.
- AHFC's condominium volume rose 110% from \$10.3 million in 1996 to \$21.5 million in 1997.
- The number of AHFC-financed single-family loans rose 112% while condominiums jumped by 106.2% in 1997.
- AHFC financed one out of every five single-family loans and one out of every two condominium loans in 1997.

Dollar Volume of AHFC Loans by Lender

Single-Family Homes and Condominiums

1st Qtr 1995 through 4th Qtr 1997

Figure 2-1



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

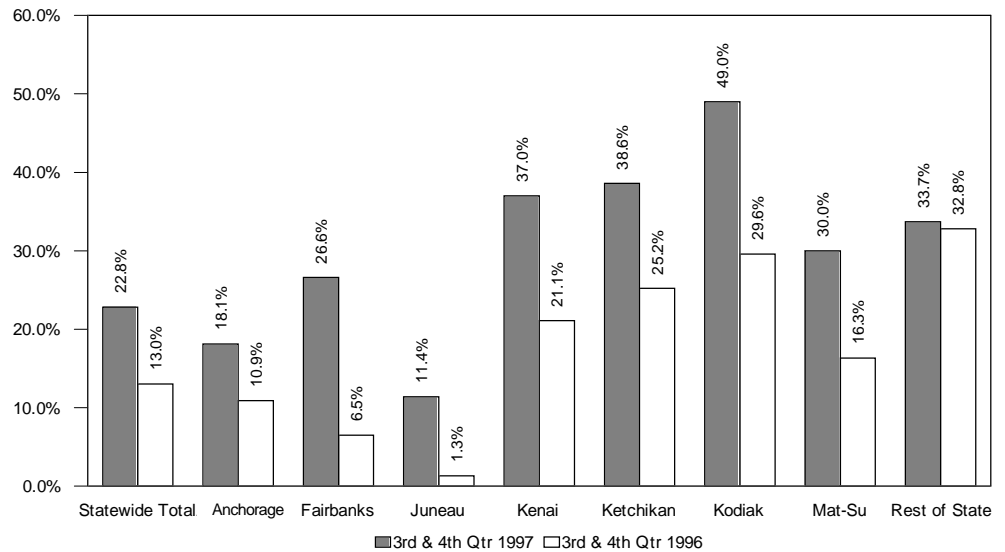
AHFC Market Share of Single-Family Homes

Based on Dollar Loan Volume

Figure 2-2

3rd and 4th Qtr 1997 vs 3rd and 4th Qtr 1996

Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.



Loan Volume for AHFC's Rural Portfolio Increases

Figures 2-3 and 2-4



AHFC's rural loan portfolio increased between 1996 and 1997, from \$32.3 million to \$47.5 million.

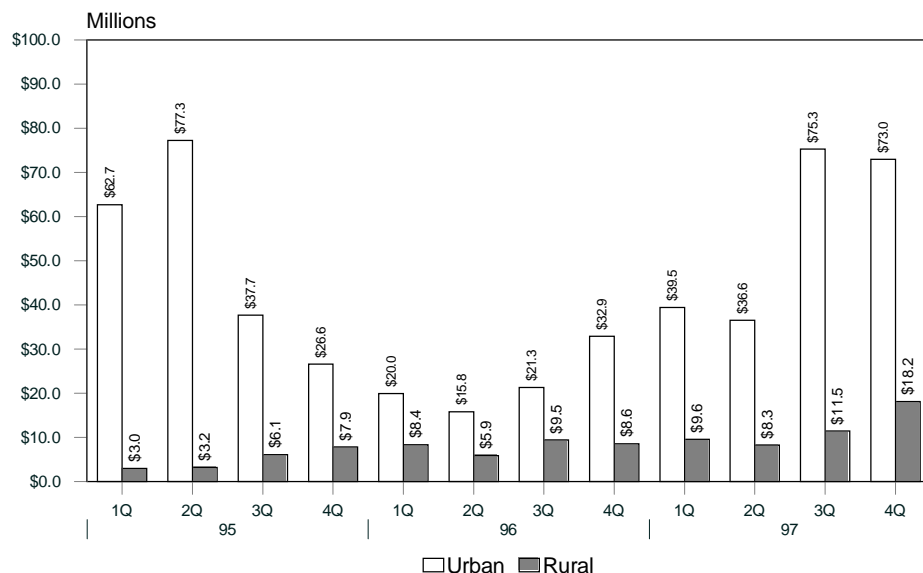
- Urban loans still accounted for over four-fifths of AHFC's total loan portfolio during 1997.

AHFC Dollar Volume of Urban and Rural Loans

Statewide

1st Qtr 1995 through 4th Qtr 1997

Figure 2-3



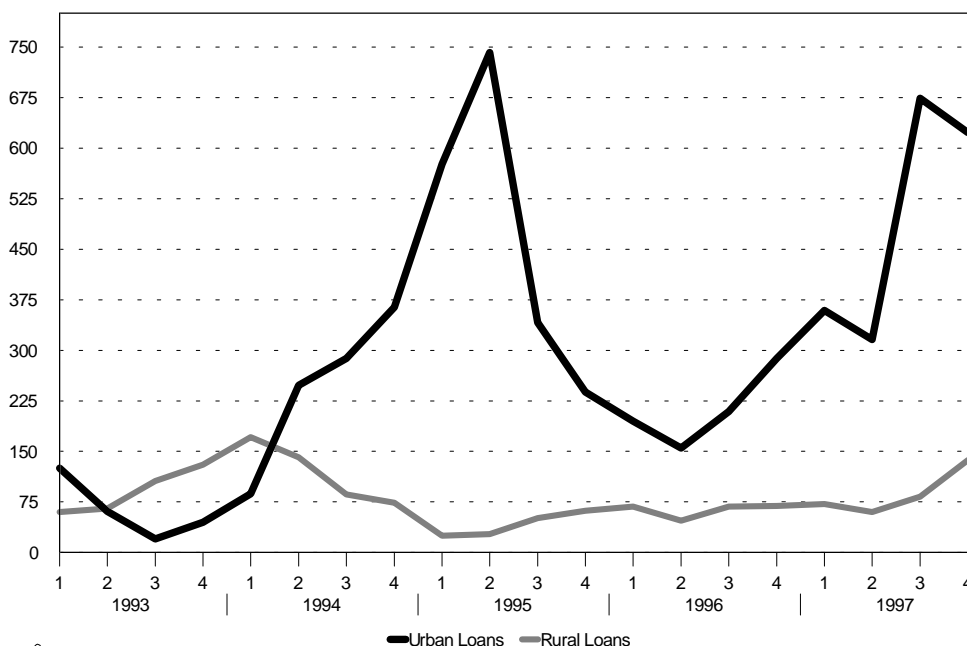
Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

AHFC Loans Purchased

Urban vs. Rural

1st Qtr 1993 - 4th Qtr 1997

Figure 2-4



Source: Alaska Housing Finance Corp.;
Alaska Department of Labor, Research
and Analysis Section.

Average Sales Prices and Loan Amounts

Figure 2-5

During 1997, the average sales price of AHFC-financed single-family homes rose 2% to \$136,849. For condominiums, AHFC home prices averaged \$78,152 in 1997 which was 0.2% higher than 1996.

- Juneau had the highest AHFC single-family sales-price at \$180,502, followed by Ketchikan at \$173,378.
- Kenai had the lowest average price at \$120,400, with Mat-Su second at \$121,726.
- Most regions reported higher sales prices compared to 1996. Only Ketchikan and Kodiak had lower sales prices than the prior year.

Median Sales Prices for Single-Family Homes & Condominiums

Figure 2-6

The 1997 median sales prices increased for single-family homes with garages and condominiums, but fell for homes without garages when compared to 1996.

- Single-family homes with garage saw prices rise from \$131,705 in 1996 to \$133,099.
- For single-family homes without garage, median sales price declined from \$104,293 to \$101,457.

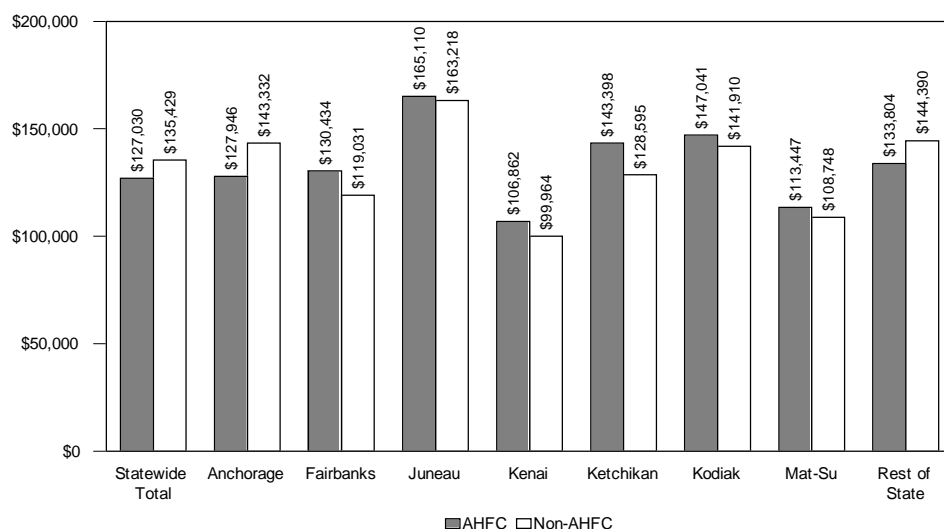
An analysis of AHFC's loan portfolio in 1997 indicates that the average size of a home is shrinking. However, on a national level the median square footage increased. According to the National Association of Home Builders, as interest rates have trended downward over the past 15 years, homebuyers have been able to afford larger homes even after taking into consideration the higher prices for building components and land.

AHFC and Non-AHFC Average Loan Amounts

Single-Family Homes

4th Qtr 1997

Figure 2-5



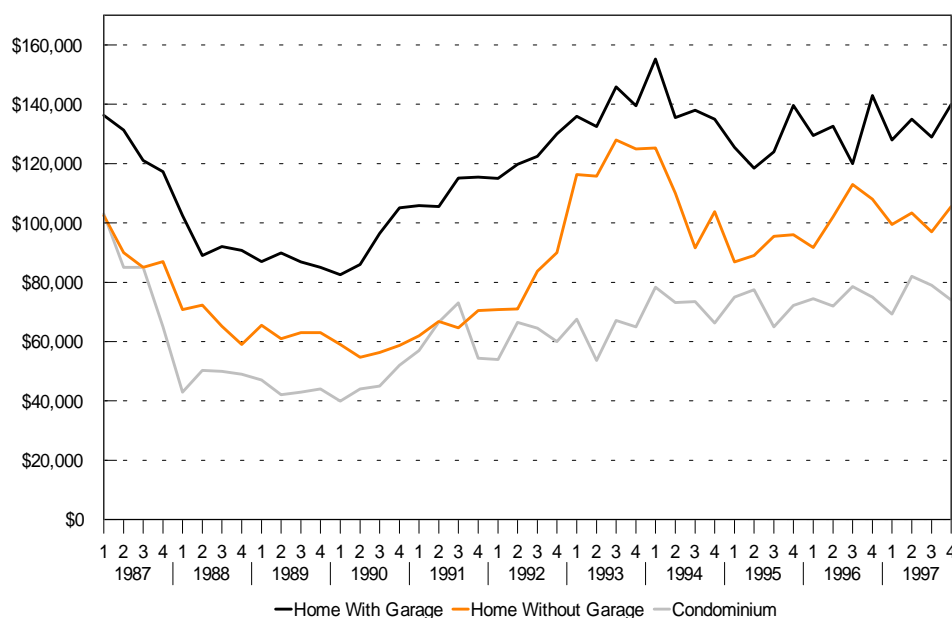
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

Median Purchase Price of Homes and Condominiums

AHFC Single-Family Homes with/without Garage and Condominiums

1st Qtr 1987 - 4th Qtr 1997

Figure 2-6



Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.

Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

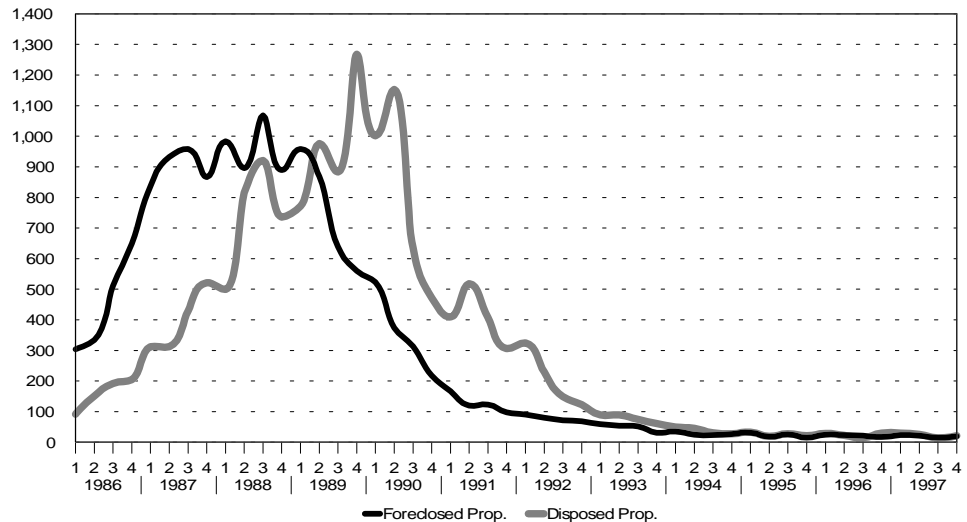
AHFC Foreclosures and Disposals

Statewide

Figure 2-7

1st Qtr 1986 through 4th Qtr 1997

Source: Alaska Housing Finance Corp.;



AHFC Foreclosures, Disposals and REO Inventory

Figure 2-9



AHFC foreclosures, disposal, and REO inventory all declined during 1997.

- Foreclosures dropped 10% from 87 in 1996 to 78.
- Disposals declined from 96 in 1996 to 90 in 1997, or 6%.
- AHFC's real-estate-owned (REO) inventory of all property types fell from the prior-year level of 44 to 32 in 1997.

Statewide, personal bankruptcies rose 10% in 1997 compared to the year-ago period. Nationally, bankruptcy filings reached an all-time high of 1.4 million in 1997, up 19% from the prior year. Concerns remain that bankruptcy petitions will spiral out of control if the economy falters, according to a member of the national commission that reviewed bankruptcy laws last year.

Section 3

Alaska Multiple Listing Service Information

Closed Sales and Sales Volume Increase

Tables 3-1 to 3-6

Overall Multiple Listing Service (MLS) activity during 1997 was ahead of 1996 for all surveyed components. Overall sales were up 11% compared to 1996 and sales volume grew by 17%. Listings posted a gain of less than 1%, while days on the market expanded by 6%.

- Single-family sales increased by 10%, while condominium activity increased by 18% and 24%.
- Average days on the market for single-family homes rose 4% from 113 to 118, while condominium time on the market jumped 20%, from 99 to 119 days.
- The average sales price for single-family homes rose from \$140,089 in 1996 to \$148,210. Condominium average prices increased from \$81,892 to \$86,103.

Regionally, Mat-Su and Anchorage posted the strongest activity in 1997. Similar to prior years, Anchorage accounted for almost three-quarters of the overall single-family home activity.

- Anchorage sales prices rose 3% for homes (from \$156,140 to \$161,081) and 5% for condominiums (from \$81,892 to \$86,103).
- Mat-Su sales prices jumped 12% (from \$110,174 in 1996 to \$123,162).

In Fairbanks, single-family-home sales fell 3% from 1996 to 1997 while sales volume increased by 4%. The average price of a home rose 7% from \$110,366 to \$118,219 in 1997.

Kenai exhibited the weakest 1997 performance of the MLS areas surveyed. Both sales and sales volume were lower than 1996 by 22% and 7%, respectively. The average home price in Kenai jumped from \$101,526 to \$122,817 from 1996 to 1997.

Municipality of Anchorage

Single-Family Residential Listings and Sales

Table 3-1

1st Qtr 1993 through 4th Qtr 1997

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	4645	969	116	897	145,247,808	161,926	97.76
3Q1997	3676	1,276	108	1,069	174,426,311	163,168	98.10
2Q1997	2400	1,326	98	846	133,806,815	158,164	97.35
1Q1997	1074	1,074	120	569	91,134,000	160,165	97.35
4Q1996	4405	995	105	799	125,108,297	156,581	98.13
3Q1996	3410	1,264	98	861	133,201,533	154,706	97.23
2Q1996	2146	1,198	91	837	132,573,864	158,392	97.71
1Q1996	948	948	105	521	80,345,780	154,215	98.38
4Q1995	4213	1,055	86	683	102,957,448	150,743	98.12
3Q1995	3158	1,231	74	824	124,030,339	150,522	97.97
2Q1995	1927	1,069	71	663	102,995,479	155,348	100.60
1Q1995	858	858	83	674	91,268,540	135,413	98.34
4Q1994	4521	1,130	128	712	102,721,276	144,271	98.32
3Q1994	3391	1,417	99	753	118,103,522	156,844	102.06
2Q1994	1974	1,154	66	648	109,685,511	169,268	111.31
1Q1994	820	820	93	601	86,154,566	143,352	98.61
4Q1993	4652	900	91	794	113,498,110	142,945	98.90
3Q1993	3752	1,238	82	894	128,679,270	143,937	98.28
2Q1993	2514	1,347	80	699	96,245,978	137,691	97.77
1Q1993	1167	1,167	121	496	67,176,864	135,437	98.00

Municipality of Anchorage

Condominium Listings and Sales

Table 3-2

1st Qtr 1993 through 4th Qtr 1997

Source: Anchorage Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	1351	294	135	229	20,745,990	90,594	N/A
3Q1997	1057	382	118	183	15,730,319	89,958	N/A
2Q1997	675	368	109	225	19,660,983	87,382	N/A
1Q1997	307	307	119	146	11,281,574	77,271	N/A
4Q1996	1187	281	106	152	11,985,178	78,850	N/A
3Q1996	906	335	95	185	15,564,410	84,132	96.82
2Q1996	571	318	94	202	16,783,791	83,088	96.43
1Q1996	253	253	105	123	9,878,848	80,316	97.02
4Q1995	1367	298	161	130	11,245,110	86,501	97.70
3Q1995	1069	362	131	150	12,507,000	83,380	97.55
2Q1995	707	366	144	144	11,053,698	76,762	97.62
1Q1995	341	341	147	151	13,135,459	86,990	98.39
4Q1994	1373	399	126	173	13,156,701	76,050	98.44
3Q1994	974	388	91	133	9,772,033	73,474	98.54
2Q1994	586	343	112	141	11,532,233	81,789	97.30
1Q1994	243	243	136	114	9,061,221	79,484	97.95
4Q1993	1330	236	132	174	13,991,850	80,413	96.73
3Q1993	1094	350	133	169	12,909,546	76,388	97.81
2Q1993	744	381	120	163	11,627,154	71,332	96.90
1Q1993	363	363	141	76	5,148,310	67,741	96.78

Kenai Peninsula Borough

Single-Family Residential Listings and Sales

1st Qtr 1993 through 4th Qtr 1997

Table 3-3

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	961	189	N/A	47	6,933,237	147,516	N/A
3Q1997	772	246	165	84	11,021,404	131,207	98.79
2Q1997	526	278	159	48	5,014,750	104,474	96.37
1Q1997	248	248	166	41	4,050,279	98,787	95.82
4Q1996	1111	198	121	59	5,988,609	101,502	N/A
3Q1996	913	313	169	85	8,503,029	100,036	96.10
2Q1996	600	331	169	85	8,861,408	104,252	97.11
1Q1996	269	269	177	56	5,581,755	99,674	93.43
4Q1995	1090	280	173	98	9,784,317	99,840	96.12
3Q1995	810	298	149	99	8,547,032	86,334	96.29
2Q1995	512	276	182	89	9,022,900	101,381	97.29
1Q1995	236	236	198	47	4,777,700	101,653	95.29
4Q1994	1106	255	173	78	6,999,688	89,740	96.08
3Q1994	851	313	144	98	9,570,665	97,660	96.48
2Q1994	538	305	142	97	9,487,241	97,807	97.10
1Q1994	233	233	177	91	8,398,078	92,287	96.25
4Q1993	1136	230	178	94	8,303,894	88,339	96.77
3Q1993	906	320	153	121	12,141,290	100,341	97.93
2Q1993	586	317	153	100	8,647,725	86,477	88.40
1Q1993	269	269	179	77	6,460,025	83,896	96.41

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

Matanuska-Susitna Borough

Single-Family Residential Listings and Sales

1st Qtr 1993 through 4th Qtr 1997

Table 3-4

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	1828	370	127	203	26,182,535	128,978	98
3Q1997	1458	489	108	249	31,259,100	125,539	98
2Q1997	969	539	104	195	23,271,365	119,340	97.27
1Q1997	430	430	116	114	13,013,079	114,150	97.33
4Q1996	2072	405	135	176	20,265,296	115,144	97.12
3Q1996	1667	615	113	186	20,179,075	108,490	97.86
2Q1996	1052	621	105	167	18,170,905	108,808	98.05
1Q1996	431	431	116	78	8,260,356	105,902	96.53
4Q1995	1734	390	125	155	15,831,229	102,137	98
3Q1995	1344	466	112	179	17,161,288	95,873	97.16
2Q1995	878	481	111	119	11,407,645	95,863	97.66
1Q1995	397	397	114	114	11,145,209	97,765	97.08
4Q1994	1639	363	117	148	14,082,250	95,150	97
3Q1994	1276	497	98	170	16,492,382	97,014	96.71
2Q1994	779	486	90	151	15,465,607	102,421	96.63
1Q1994	293	293	119	110	10,310,145	93,729	97.38
4Q1993	1563	271	131	156	14,155,575	90,741	95.89
3Q1993	1292	400	125	181	16,753,698	92,562	97.18
2Q1993	892	477	117	150	12,972,683	86,485	96.92
1Q1993	415	415	127	84	7,141,869	85,022	95.99

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity.

Source: Valley Board of Realtors Multiple Listing Service.

Fairbanks North Star Borough

Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1993 through 4th Qtr 1997

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	N/A	N/A	N/A	170	19,465,850	114,505	N/A
3Q1997	N/A	N/A	N/A	187	21,648,055	115,765	N/A
2Q1997	N/A	N/A	N/A	191	24,577,689	128,679	N/A
1Q1997	N/A	N/A	N/A	81	8,668,215	107,015	N/A
4Q1996 (est)	934	232	84	170	19,465,850	114,505	93.25
3Q1996	702	281	72	193	21,653,398	112,193	94.25
2Q1996	421	257	80	173	18,635,537	107,719	93.87
1Q1996	164	164	96	113	11,872,963	105,070	91.66
4Q1995	787	183	89	153	15,733,821	102,835	93.27
3Q1995	604	253	64	201	21,760,251	108,259	96.99
2Q1995	351	208	63	175	19,147,942	107,572	95.51
1Q1995	143	143	85	138	15,263,504	110,605	97.29
4Q1994	916	318	79	186	18,285,120	98,307	95.56
3Q1994	598	275	61	221	22,694,773	102,691	96.66
2Q1994	323	222	61	166	17,589,109	105,958	98.12
1Q1994	101	101	84	139	14,087,103	101,346	97.95
4Q1993	816	160	72	231	24,708,625	106,963	97.21
3Q1993	656	234	67	233	24,169,070	103,729	97.80
2Q1993	422	247	99	149	14,424,312	96,807	97.73
1Q1993	175	175	128	92	8,617,602	93,669	96.14

Fairbanks North Star Borough

Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1993 through 4th Qtr 1997

Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listings. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.

Source: Greater Fairbanks Board of Realtors Multiple Listing Service.

Qtr/Yr	Active Listings			Sales Closed			
	YTD	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/List Price (%)
4Q1997	(Data not available from Fairbanks MLS due to computer problems.)						
3Q1997	(Data not available from Fairbanks MLS due to computer problems.)						
2Q1997	(Data not available from Fairbanks MLS due to computer problems.)						
1Q1997	(Data not available from Fairbanks MLS due to computer problems.)						
4Q1996 (est)	57	15	90	13	819,169	63,013	94.59
3Q1996	42	17	48	24	1,419,266	59,136	95.09
2Q1996	25	16	49	23	1,496,616	65,070	97.40
1Q1996	9	9	238	7	463,700	66,242	95.39
4Q1995	68	7	158	14	930,500	66,464	97.02
3Q1995	61	19	137	14	1,092,100	78,007	97.99
2Q1995	42	22	63	18	1,217,700	67,650	96.41
1Q1995	20	20	84	9	683,250	75,916	95.86
4Q1994	62	22	45	11	742,700	67,518	99.45
3Q1994	40	16	61	15	1,034,500	68,966	96.72
2Q1994	24	16	91	16	959,000	59,937	98.08
1Q1994	8	8	68	16	909,900	56,868	97.30
4Q1993	63	12	118	13	713,000	54,846	96.19
3Q1993	51	19	68	13	998,350	76,796	97.48
2Q1993	32	21	113	13	837,490	64,422	97.27
1Q1993	11	11	69	7	407,500	58,214	97.48

Section 4

New Alaska Housing Units

1997 Permit Issuances Exceed Previous Year

Table 4-1, Figures 4-1 to 4-4

Total statewide permit issuances for 1997 were unable to match the housing starts for 1996, which had been the highest of the past 11 years. Total statewide permits fell from 3,516 in 1996 to 3,307. Regionally, there were mixed results from last year. Although mortgage rates remained favorable throughout the past year, there were still statewide concerns regarding slow job and income growth, industry downsizing, and declining oil prices. Nationally, housing permits mirrored the Alaska results, with overall issuances down about two percent from 1996.

- Anchorage continues to show increased activity in response to a favorable real estate market with building permits increasing 18%, or 221 units.
- Areas outside of Anchorage with increases in permitting activity were Dillingham (723% or 94 units); North Slope Borough (78% or 59 units); and Yukon-Koyukuk (482% or 53 units). These increases have been attributed to new federally-funded housing development activities.

(continued on page 38)

New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1996 Permit Data

4th Qtr 1996 vs. 4th Qtr 1997 and 1996 vs. 1997

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96
Aleutians East Borough																
Akutan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cold Bay	0	8	0	9	0	2	0	3	0	6	0	6	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aleutians West Census Area																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalaska	0	1	17	19	0	0	5	16	0	0	12	2	0	1	0	1
Anchorage, Municipality of																
Anchorage	179	180	1,428	1,207	143	134	1,042	860	27	28	314	302	9	18	72	45
Bethel Census Area																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	7	9	34	60	3	8	23	55	3	0	9	4	1	1	2	1
Chuathbaluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kwethluk	0	3	0	6	0	3	0	6	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Bristol Bay Borough																
Bristol Bay	0	25	7	28	0	17	7	18	0	8	0	8	0	0	0	2
Dillingham Census Area																
Clark's Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dillingham	1	0	28	13	1	0	4	13	0	0	24	0	0	0	0	0
Ekwok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manokotak	0	0	78	0	0	0	78	0	0	0	0	0	0	0	0	0
Togiak	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Fairbanks North Star Borough																
North Pole	7	0	29	4	7	0	29	0	0	0	0	0	0	0	0	4
Balance of Borough	25	6	184	224	16	4	147	132	9	2	37	92	0	0	0	0
Haines Borough																
Balance of Borough	0	0	5	6	0	0	5	6	0	0	0	0	0	0	0	0
Haines City	2	2	8	28	2	2	8	13	0	0	0	14	0	0	0	1
Juneau Borough																
Juneau	21	42	221	348	16	25	107	165	2	13	97	162	3	4	17	21
Kenai Peninsula Borough																
Homer	4	2	29	29	4	2	27	25	0	0	2	2	0	0	0	2
Kenai	4	3	38	35	4	3	36	27	0	0	2	8	0	0	0	0
Seward	1	0	6	6	1	0	6	6	0	0	0	0	0	0	0	0
Seldovia	0	0	4	0	0	0	4	0	0	0	0	0	0	0	0	0
Soldotna	2	5	36	26	2	5	28	26	0	0	8	0	0	0	0	0
Ketchikan Gateway Borough																
Ketchikan City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Borough	7	9	34	74	3	6	24	45	4	0	8	26	0	3	2	3
Kodiak Island Borough																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	15	16	44	88	6	13	27	42	8	3	12	44	1	0	5	2
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake & Peninsula Borough																
Newhalen	0	0	8	0	0	0	8	0	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Matanuska-Susitna Borough																
Balance of Borough	0	0	505	912	0	0	468	894	0	0	34	10	0	0	3	8
Palmer	11	11	51	40	11	11	51	40	0	0	0	0	0	0	0	0
Wasilla	4	0	90	41	4	0	60	32	0	0	30	8	0	0	0	1
Nome Census Area																
Diomedes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	7	6	12	10	7	4	12	8	0	2	0	2	0	0	0	0
Savoonga	0	0	20	0	0	0	20	0	0	0	0	0	0	0	0	0
Shaktolik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shismaref	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalakleet	0	0	6	6	0	0	6	6	0	0	0	0	0	0	0	0

Note: Mat-Su reported 505 housing units authorized in 1997 and 912 in 1996. Since Mat-Su only reported data annually, quarterly tabulation of the permit is not provided.

Source: Alaska Department of Labor, Research and Analysis Building-Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

New Housing Units by Type of Structure -cont.

For Places Reporting Data, Comparison with 1996 Permit Data

4th Qtr 1996 vs. 4th Qtr 1997 and 1996 vs. 1997

Table 4-1 cont.

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96	4Qtr '97	4Qtr '96	YTD '97	YTD '96
North Slope Borough																
Atkasuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Barrow	13	6	129	75	9	4	91	65	4	2	38	10	0	0	0	0
Kaktovik	0	0	5	0	0	0	0	0	0	0	5	0	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Arctic Borough																
Ambler	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Kivalina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kobuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotzebue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Noonvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	0	0	0	40	0	0	0	20	0	0	0	20	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prince of Wales-Outer Ketchikan																
Craig	0	3	17	17	0	0	9	4	0	0	0	4	0	3	8	9
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	0	0	0	3	0	0	0	2	0	0	0	0	0	0	0	1
Thorne Bay	0	0	3	10	0	0	1	10	0	0	2	0	0	0	0	0
Sitka Borough																
City & Borough of Sitka	14	20	59	56	12	16	44	35	2	4	6	16	0	0	9	5
Skagway-Yakutat-Angoon Census Area																
Angoon	0	0	4	0	0	0	0	0	0	0	4	0	0	0	0	0
Hoonah	0	1	6	6	0	0	2	3	0	0	2	0	0	1	2	3
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	0	1	7	8	0	1	6	7	0	0	0	0	0	0	1	1
Yakutat	0	0	6	0	0	0	2	0	0	0	0	0	0	0	4	0
Southeast Fairbanks Cer																
Valdez-Cordova Census Area	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cordova	0	3	2	5	0	1	2	3	0	2	0	2	0	0	0	0
Valdez	0	2	32	29	0	0	32	12	0	0	0	8	0	2	0	9
Whittier	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Wade Hampton Census Area																
Alakanuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Emmonak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	0	2	0	0	0	2	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell-Petersburg Census Area																
Kake	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Kupreanof	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Petersburg	3	7	41	25	3	7	36	19	0	0	4	6	0	0	1	0
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	0	1	3	8	0	1	3	3	0	0	0	5	0	0	0	0
Yukon-Koyukuk Census Area																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Fort Yukon	1	0	6	0	1	0	6	0	0	0	0	0	0	0	0	0
Galena	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	10	0	36	1	10	0	36	1	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	0	0	2	2	0	0	2	2	0	0	0	0	0	0	0	0
Nenana	0	0	2	5	0	0	2	5	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Ruby	0	0	16	0	0	0	16	0	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	0	1	0	2	0	1	0	2	0	0	0	0	0	0	0	0
Total Reported	340	375	3,307	3,516	267	272	2,531	2,636	59	70	650	761	14	33	126	119

- The Mat-Su Valley reported a decline in issuances by 35% or 347 units from 1996.
- Additional areas which experienced significant declines were Juneau (37% or 127 units); Kodiak (50% or 44 units); and Ketchikan (54% or 40 units). Declines in Kodiak and Ketchikan have been linked to economic downturns in the timber and fishing industries. Declines in Juneau have been attributed to a recent softening of the local housing market.
- The bulk of overall permits were single-family homes in 1997 which comprised 77% of the overall housing market.

Nationally, confidence remains high among builders, according to a survey by the National Association of Home Builders. The number of housing units built in 1997 was only 0.1% below 1996, which was an eight-year high. With unemployment at a 24-year low and affordable interest rates, homebuyers remain optimistic toward a thriving economy which bolsters the purchase of homes. Housing analysts also believe that construction activity will continue to be good but slightly below last year's performance.

Permits for New Housing Units by Type

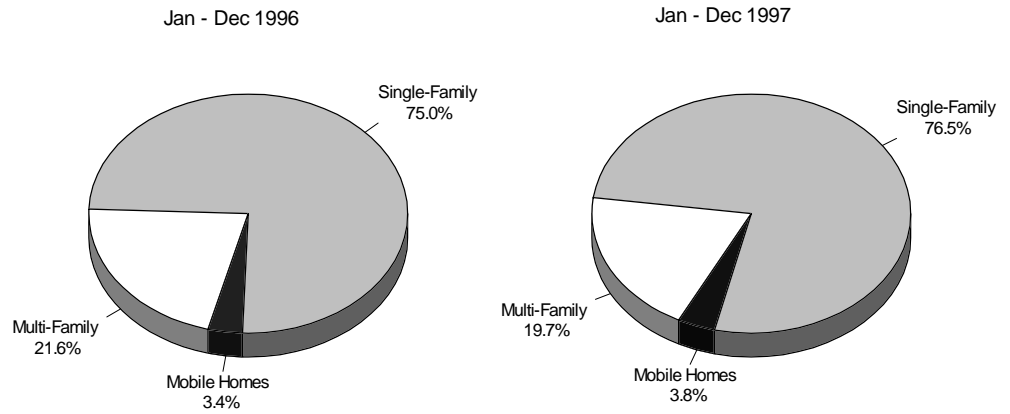
Alaska

Figure 4-1

January-December 1996 & January-December 1997

Note: Includes some units in areas which do not require permits.

Source: Alaska Department of Labor, Research and Analysis Section.



Permits for New Housing Units by Location

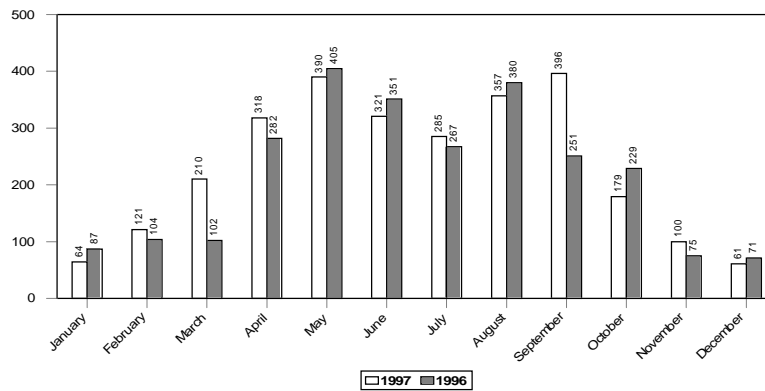
Alaska

Figure 4-2

January-December 1996 & January-December 1997

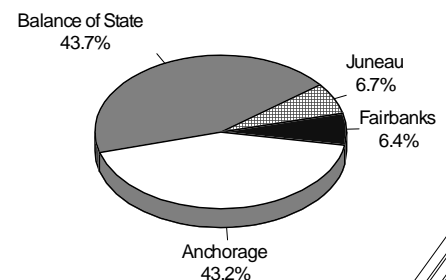
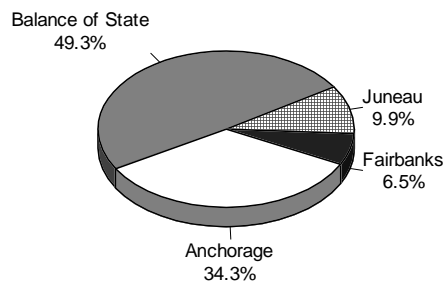
Note: Includes mobile homes.

Source: Alaska Department of Labor, Research and Analysis Section.



January - December 1996

January - December 1997

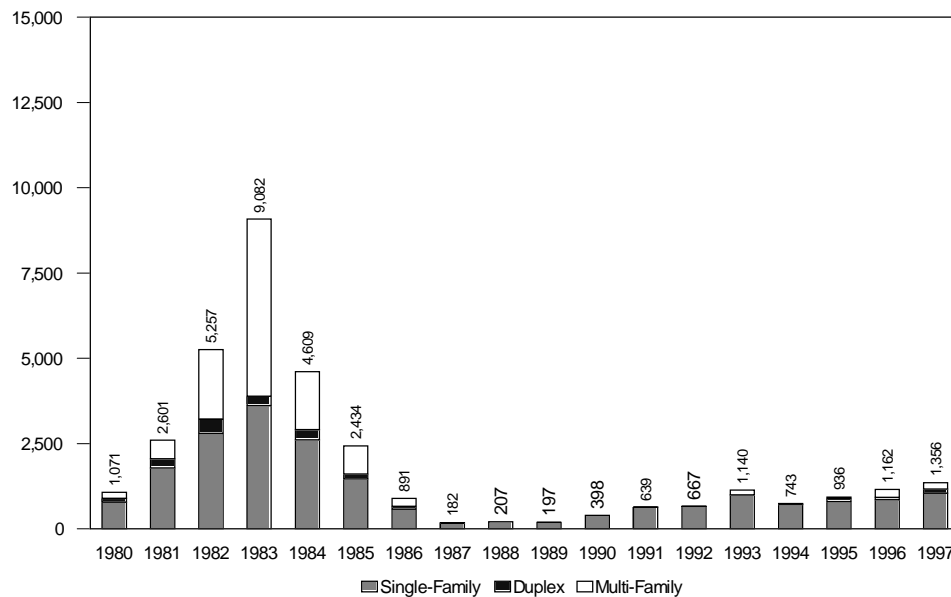


New Housing Units Authorized

Anchorage

January 1980 to December 1997

Figure 4-3

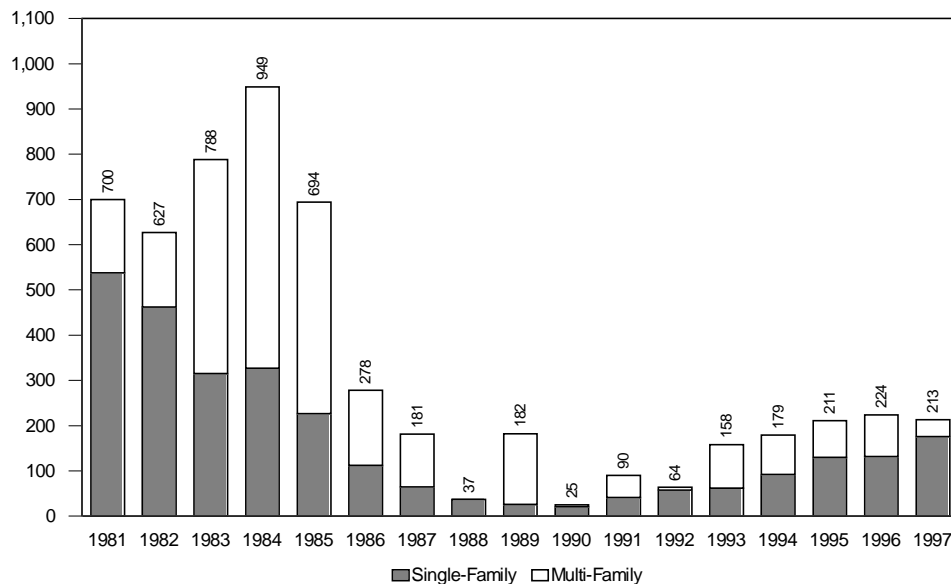


New Housing Units Authorized

Fairbanks North Star Borough

January 1981 to December 1997

Figure 4-4



Section 5

1998 Annual Construction Cost Survey

Introduction

Figure 6-1

In March of 1998, building-material pricing data was collected from regional construction-supply companies for items delivered to probable construction sites in the urban communities of Anchorage, Fairbanks, Juneau, Kenai, Kodiak, Sitka, and Wasilla, plus the three rural communities of Barrow, Bethel, and Nome. The survey included building-material suppliers from Alaska as well as Washington and Oregon, since many contractors acquire their materials directly from outside of Alaska.

The complete list of materials within the market basket and the quantities of those items used to calculate the cost are shown in Table 6-1. This market basket includes selected construction materials comprising approximately 30% of the total dollar cost of the model single-family residence depicted in Figure 6-1.

Since construction techniques, styles, and finishings vary greatly from region to region, the model house may not represent typical construction for certain areas of the state. For example, the three rural regions exclude rebar and concrete, since they are not used comparatively due to the permafrost conditions. However, the cost differences among other items included in the market basket can be consistently compared with the same items in the different regions.

Future market baskets will attempt to reflect the new technologies of foam panel/prefab assembly. The expectation of lower construction costs could be a strong incentive for builders to use these materials in Alaska.

Methodology

Participants in the survey included the largest building-supply companies in Alaska and the Pacific Northwest. One-hundred and sixty building-supply vendors were contacted by mail, fax and telephone, of which 68 subsequently responded from Alaska (35), Oregon (7), and Washington (26). All companies were provided an itemized list for pricing various building materials in specific quantities and sizes. Based on response rates, Alaska vendors appear to be in a consolidation phase, with some suppliers either becoming assimilated by larger suppliers or going out of business.

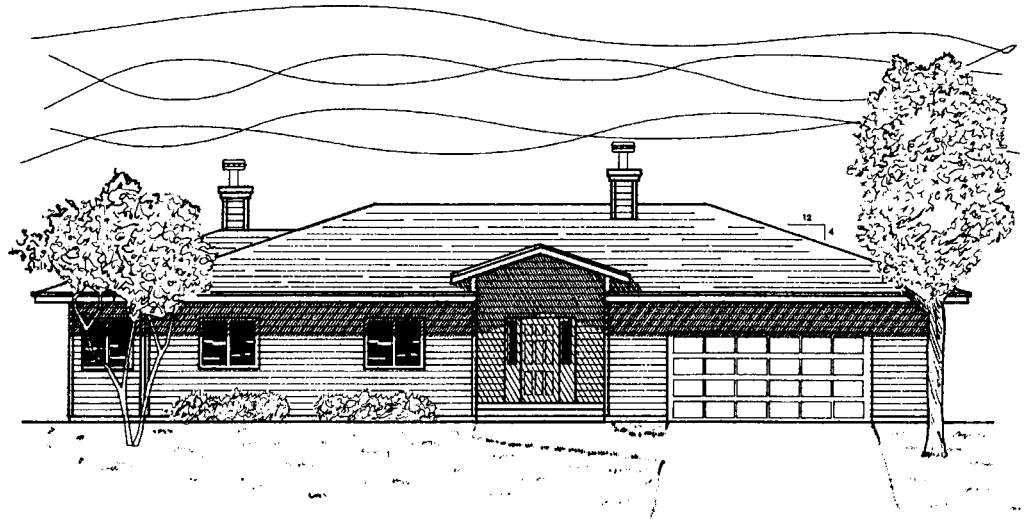
1998 Construction Cost Survey

Model House

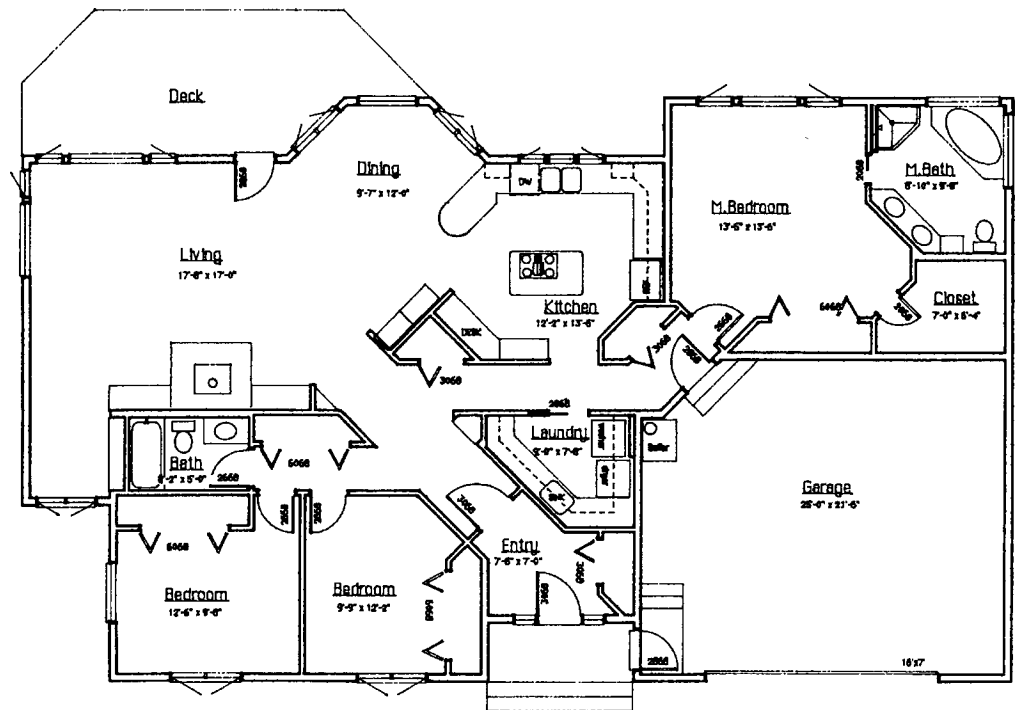
1998

Figure 6-1

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1997.



FRONT ELEVATION



Floor Plan

1923 SQ. FT.

Major Findings

T

he 1998 Construction Cost Survey found that:

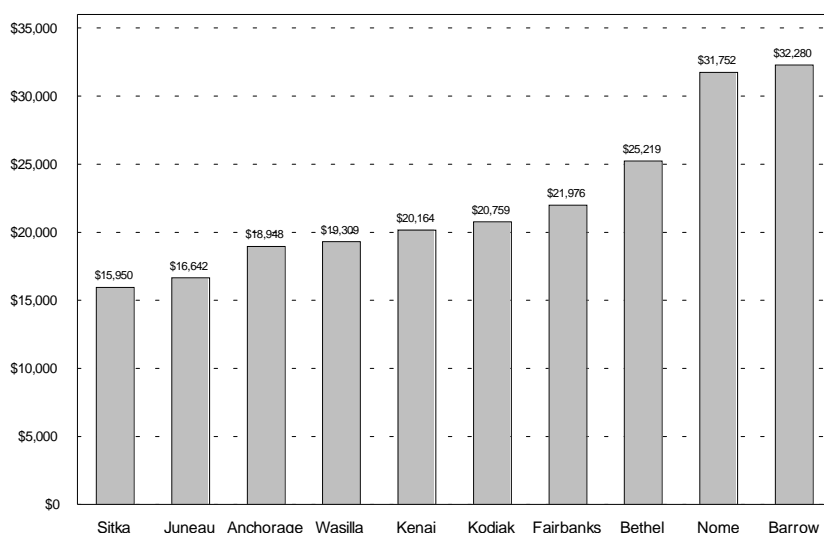
- Building material costs in rural regions were much higher than urban regions due primarily to higher transportation costs.
- Urban areas have lower building-material costs, due to a higher demand for housing and greater competition among suppliers, resulting in better economies of scale.
- Transportation costs were directly related to the distance from Seattle and Portland.
- Juneau remained the lowest cost provider for the “total” market basket of construction materials, including rebar and concrete. Sitka was the lowest, excluding both rebar and concrete.
- Barrow was the most expensive region due primarily to shipping and handling which comprised almost one-half of the total market-basket costs.

Average Cost of Market Basket

Alaska Suppliers (Without Concrete and Rebar)

1998

Figure 6-2



Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1998.

Alaska Suppliers

Table 6-1, and Figures 6-2, 6-3

Average cost of the construction market basket by Alaskan suppliers was higher in 1998 compared to 1997 in five regions, including Anchorage and Fairbanks. As in past years, Juneau showed the lowest relative construction costs in 1998 when including rebar and concrete (\$19,939). If these foundation items were excluded to accommodate different building styles in Alaska, Sitka exhibited the lowest cost (\$15,950). Barrow was again the most expensive (\$32,280) with transportation costs comprising a large portion of the total market basket. Kenai exhibited the greatest increase (12%) in cost, followed closely by Anchorage (6%) and Wasilla (4%), while Sitka and Bethel had declining costs of 18% and 16%, respectively.

A comparative index with Anchorage serving as the baseline (100) showed Juneau (88) and Sitka (84) as the only areas below the baseline. The most expensive urban cities, Fairbanks and Kodiak, had index values of 116 and 110, respectively. Barrow, being furthest away from Anchorage, showed the highest comparative index value of 170, down from last year's value of 192. Bethel (133) and Nome (168), similar to Barrow, experienced higher costs geographically due in part to greater shipping costs.

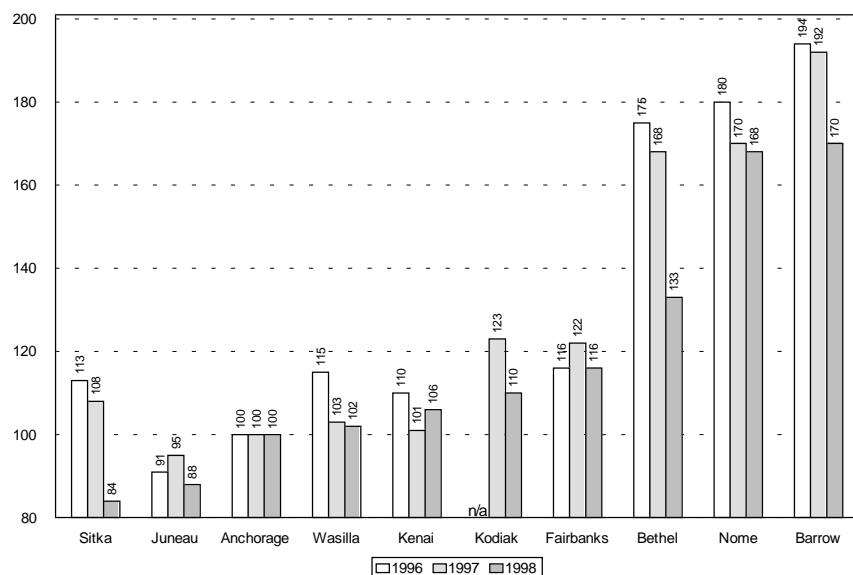
Cost of Market Basket Index

Comparison Index, with Anchorage as a Baseline (Alaska Suppliers)

Figure 6-3

1995, 1996, 1997, & 1998

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1998.



Average Price for Construction Materials

Alaska Suppliers

1998

Table 6-1

Market Basket Items	Quantity Units	Size	Length	Sitka	Juneau	Anchorage	Wasilla	Kenai
BCI 60 Series	768 ft	14"		\$1,842	\$1,859	\$2,118	\$1,944	\$2,044
2-4-1 T&G FF Underlay 4X8	62 pcs	1 1/8		\$2,296	\$2,067	\$2,239	\$2,291	\$2,538
CDX 4X8 44#	74 pcs	1/2"		\$1,086	\$950	\$1,034	\$1,040	\$1,115
CDX 4X8 53#	106 pcs	5/8"		\$1,881	\$1,598	\$1,866	\$1,814	\$1,980
Studs #2 & btr Kiln-dried	164 pcs	2X4"	92 5/8"	\$471	\$397	\$427	\$432	\$502
Studs #2 & btr 14# Kiln-dried	263 pcs	2X6"	92 5/8"	\$1,190	\$1,030	\$1,117	\$1,128	\$1,282
Cedar Bevel Siding	3,548 ft	1X10"		\$2,187	\$3,251	\$3,991	\$4,292	\$3,907
4X12 Plain Sheetrock 84#	95 pcs	1/2"		\$529	\$967	\$835	\$883	\$1,055
4X12 Type X Sheetrock 109#	68 pcs	5/8"		\$532	\$805	\$731	\$769	\$914
3 Tab Shingles Brown	102 bundles			\$675	\$1,147	\$1,334	\$1,337	\$1,318
Fiberglass Bat Insulation (2,560 sqft)	27 bags	R-38X24	96 sqft	\$1,801	\$1,312	\$1,571	\$1,659	\$1,759
Fiberglass Bat Insulation (2,034 sqft)	35 bags	R-21X15	58 sqft	\$986	\$863	\$927	\$985	\$1,293
NMB Electric Wire	3 boxes	35035	250'	\$101	\$92	\$104	\$119	\$111
Single Breaker	15 pcs	15 Amp		\$79	\$63	\$134	\$118	\$101
Copper Pipe Type 'M'	150 ft	3/4"		\$159	\$115	\$345	\$354	\$134
ABS Pipe	100 ft	3"		\$134	\$126	\$175	\$145	\$112
Total (Without Concrete & Rebar)				\$15,950	\$16,642	\$18,948	\$19,309	\$20,164
Concrete	30 yds			\$4,230	\$2,970	\$2,643	\$2,715	\$3,045
# 4 Rebar	93 pcs	1/2"	20'	\$481	\$327	\$534	\$443	\$433
Total (With Concrete & Rebar)				\$20,661	\$19,939	\$22,125	\$22,467	\$23,641

Market Basket Items	Quantity Units	Size	Length	Kodiak	Fairbanks	Bethel*	Nome*	Barrow*
BCI 60 Series	768 ft	14"		\$2,012	\$2,034	\$1,795	\$2,938	\$2,588
2-4-1 T&G FF Underlay 4X8	62 pcs	1 1/8		\$2,550	\$2,689	\$2,996	\$3,515	\$4,011
CDX 4X8 44#	74 pcs	1/2"		\$1,309	\$1,205	\$1,425	\$1,664	\$1,983
CDX 4X8 53#	106 pcs	5/8"		\$2,145	\$2,216	\$2,518	\$2,813	\$3,678
Studs #2 & btr Kiln-dried	164 pcs	2X4"	92 5/8"	\$540	\$568	\$676	\$707	\$861
Studs #2 & btr 14# Kiln-dried	263 pcs	2X6"	92 5/8"	\$1,340	\$1,401	\$1,777	\$1,773	\$2,188
Cedar Bevel Siding	3,548 ft	1X10"		\$3,867	\$4,701	\$3,167	\$7,185	\$4,400
4X12 Plain Sheetrock 84#	95 pcs	1/2"		\$826	\$965	\$1,441	\$2,393	\$2,841
4X12 Type X Sheetrock 109#	68 pcs	5/8"		\$736	\$942	\$1,991	\$1,774	\$2,611
3 Tab Shingles Brown	102 pkgs			\$1,885	\$1,464	\$2,507	\$3,121	\$2,581
Fiberglass Bat Insulation (2,560 sqft)	27 bags	R-38X24	96 sqft	\$1,836	\$2,076	\$2,633	\$1,628	\$2,682
Fiberglass Bat Insulation (2,034 sqft)	35 bags	R-21X15	58 sqft	\$1,122	\$1,148	\$1,798	\$1,733	\$1,071
NMB Electric Wire	3 boxes	35035	250'	\$135	\$136	\$109	\$122	\$180
Single Breaker	15 pcs	15 Amp		\$144	\$141	\$50	\$81	\$85
Copper Pipe Type 'M'	150 ft	3/4"		\$160	\$146	\$166	\$153	\$250
ABS Pipe	100 ft	3"		\$153	\$145	\$169	\$153	\$270
Total (Without Concrete & Rebar)				\$20,759	\$21,976	\$25,219	\$31,752	\$32,280
Concrete	30 yds			\$4,530	\$2,745	* Rural Areas Exclude		
# 4 Rebar	93 pcs	1/2"	20'	\$502	\$517	Concrete & Rebar		
Total (With Concrete & Rebar)				\$25,791	\$25,238			

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1998.

Cost of Doors and Windows from Alaska Suppliers

Table 6-2

The cost of doors and windows from Alaska suppliers coincided with the various market baskets, with the northern regions having the highest prices and the southern regions, the lowest price. The most expensive region was Nome (\$5,494), and Kodiak was the least expensive at \$2,406. Kodiak had the greatest decline in doors and window costs from the prior year with 30%, followed by Sitka at 22%. Nome reported the greatest increase, up 21%. Juneau, Sitka, Kodiak, and Fairbanks reported lower costs on all doors and windows compared to 1997, while Anchorage and Nome posted higher costs on all items.

Average Price for Doors & Windows

Alaska Suppliers

Table 6-2

1998

Items	Quantity	Size	Kodiak	Sitka	Wasilla	Kenai	Anchorage
R7 Metal Insulated Doors with 6" Jamb	2 pcs	3'	\$309	\$425	\$357	\$400	\$384
Low E Argon Windows with R > 2.8 Vinyl Casements	3 pcs	2.6' x 3'	\$409	\$443	\$532	\$559	\$719
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	6 pcs	2.6' x 4'	\$923	\$1,120	\$1,197	\$1,287	\$1,494
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	2 pcs	8.0' x 4'	\$765	\$558	\$960	\$988	\$1,285
Total Cost of Windows & Doors			\$2,406	\$2,546	\$3,046	\$3,234	\$3,881
Items	Quantity	Size	Juneau	Fairbanks	Barrow	Bethel	Nome
R7 Metal Insulated Doors with 6" Jamb	2 pcs	3'	\$377	\$496	\$538	\$558	\$644
Low E Argon Windows with R > 2.8 Vinyl Casements	3 pcs	2.6' x 3'	\$664	\$826	\$1,047	\$863	\$1,083
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	6 pcs	2.6' x 4'	\$1,463	\$1,788	\$1,854	\$1,827	\$2,168
Low E Argon Windows with R > 2.8 Vinyl Casements, 5.7 E-Gress	2 pcs	8.0' x 4'	\$1,414	\$1,625	\$1,422	\$1,200	\$1,599
Total Cost of Windows & Doors			\$3,919	\$4,735	\$4,861	\$4,448	\$5,494

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1998.

Comparing Alaska with Pacific Northwest Suppliers

Table 6-3 and Figure 6-4

Building material costs (excluding concrete and rebar) in Alaska, Oregon, and Washington were compared to each other. Using the lowest shipping costs, the results indicated that purchasing goods from Washington and Oregon suppliers for rural Alaska sites was less costly than purchasing directly from local vendors. However, it should be noted that with shipping and building conditions constrained by weather, contractors may prefer buying locally at higher prices in exchange for improved quality, readily-available materials, and other service-related benefits.

Alaska supplier costs were lower than the Washington and Oregon vendors in six of the seven urban regions. Only Kodiak had a higher market-basket cost by Alaska suppliers, and the cost differences were just minimally higher than the Northwest companies. For the three rural regions of Bethel, Nome, and Barrow, Alaska suppliers had significantly higher market-basket costs than urban regions. The primary reason for the urban and rural divergence between regional suppliers was due to the costs and logistics of shipping.

Average Price for Construction Materials

Oregon & Washington Suppliers (Without Concrete)

1998

Table 6-3

Market Basket Items	Quantity	Units	Size	Length	Oregon	Washington
BCI 60 Series	768	ft	14"		\$1,636	\$1,700
2-4-1 T&G FF Underlay 4X8	62	pcs	1 1/8		\$1,817	\$1,931
CDX 4X8 44#	74	pcs	1/2"		\$802	\$829
CDX 4X8 53#	106	pcs	5/8"		\$1,425	\$1,525
Studs #2 & btr Kiln-dried	164	pcs	2X4	92 5/8"	\$381	\$385
Studs # 2 & btr 14# Kiln-dried	263	pcs	2X6	92 5/8"	\$925	\$1,007
Cedar Bevel Siding	3548	ft	1X10		\$3,720	\$3,700
4X12 Plain Sheetrock 84#	95	pcs	1/2"		\$684	\$640
4X12 Type X Sheetrock 109#	68	pcs	5/8"		\$582	\$556
3 Tab Shingles Brown	102	pkgs			\$833	\$937
Fiberglass Bat Insulation (2,560 sqft)	27	bags	R-38X24	96 sqft	\$1,357	\$1,447
Fiberglass Bat Insulation (2,034 sqft)	35	bags	R-21X15	58 sqft	\$839	\$839
NMB Electric Wire	3	boxes	35035	250'	\$115	\$88
Single Breaker	15	pcs	15 Amp		\$83	\$69
Copper Pipe Type 'M'	150	ft	3/4"		\$132	\$118
ABS Pipe	100	ft	3"		\$94	\$105
Without Rebar					\$15,424	\$15,874
# 4 Rebar	93	pcs	1/2"	20'	\$297	\$322
With Rebar					\$15,721	\$16,196

Source: Alaska Department of Labor, Research and Analysis Section, "AHFC Market Basket Construction Cost Survey" 1998.

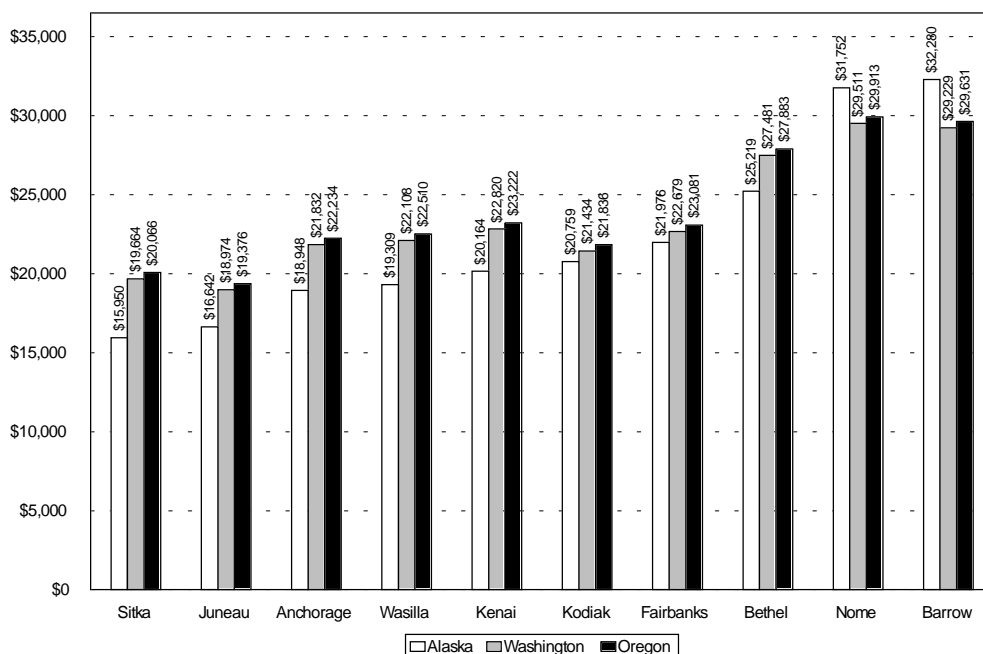
Average Cost of Market Basket

Regional Suppliers (Without Concrete and Rebar)

Figure 6-4

1996, 1997, & 1998

Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1998



Transportation Costs

Table 6-4

Transportation costs were obtained from a dozen carriers, with the most economical pricing selected for inclusion into the total Washington and Oregon market baskets. The transportation costs used in the market baskets include destination handling, trucking, forklifting, and packaging expenses from the point of origin. Although barging was available from Anchorage to Bethel and Nome, most of the volume was from the Lower 48, according to those specific carriers. As a result, those estimates would have little impact and were excluded from the survey.

Rural barging expenses can be highly variable due to the seasonal swings in supply and demand of the construction industry. Although various Alaska building-material suppliers indicated that their shipping rates were expected to increase slightly by a few percentage points, the carrier rates obtained for this market-basket survey actually decreased for all areas from the 1997 survey.

Transportation Cost of Market Basket

Shipping & Handling (Without Rebar)

1998

Table 6-4

Destination	Seattle	Portland
Juneau	\$3,100	\$3,952
Sitka	\$3,790	\$4,642
Kodiak	\$5,560	\$6,412
Anchorage	\$5,958	\$6,810
Wasilla	\$6,234	\$7,086
Kenai	\$6,946	\$7,798
Fairbanks	\$6,805	\$7,657
Bethel	\$11,607	\$12,459
Nome	\$13,637	\$14,489
Barrow	\$13,355	\$14,207

*Source: Alaska Department of Labor,
Research and Analysis Section, "AHFC
Market Basket Construction Cost Survey"
1998.*

